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UNCLAS SECTION 01 OF 03 BRIDGETOWN 001195

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WHA/CAR FOR KAREN WILLIAMS
WHA/EPSC FOR FAITH CORNEILLE
EEB/ESC/IEC FOR MATT MCMANUS AND BRENDA HAENDLER
OES/ENV FOR LORI BRUTTEN

E.O. 12958: N/A

TAGS: [ENRG](#) [EAGR](#) [EINV](#) [KPAO](#) [EAID](#) [EPET](#) [SENV](#)

SUBJECT: ON BOARD, ALMOST: BIOFUELS INITIATIVE IN ST. KITTS

REF: A. STATE 40124

- [1B.](#) STATE 73635
- [1C.](#) STATE 80334
- [1D.](#) STATE 107076

Summary

[11.](#) (SBU) A successful biofuels conference hosted in St. Kitts on August 28 encouraged the Government of St. Kitts and Nevis (GOSKN) to move forward on a biofuels development plan. However, with tourism development competing for scarce land and resource dollars on the island, continued USG engagement will be necessary to convince Prime Minister Denzil Douglas to keep biofuels as a priority. The Ambassador will use her upcoming visit to St. Kitts to reiterate our strong interest in and commitment to biofuels in St. Kitts. End Summary.

Biofuels Conference in St. Kitts

[12.](#) (U) On August 28, Embassy Bridgetown hosted representatives in St. Kitts from the Department (EEB), Organization of American States (OAS) and the Government of Brazil (GOB) to present OAS' year-long study of biofuel development potential in St. Kitts. To advance public diplomacy efforts, the Embassy also hosted an expert speaker from Florida International University who presented biofuel technologies and best practices in the Western Hemisphere. EconOff also used the event to highlight the Secretary's announcement of the Washington International Renewable Energy Conference in 2008. EEB and OAS representatives remained in St. Kitts for follow up meetings with key government stakeholders in order to gauge the GOSKN's political commitment and determine tangible next steps.

[13.](#) (U) Prime Minister Denzil Douglas set a positive tone for the biofuels event, praising the U.S.-Brazil Biofuels Initiative and expressing gratitude to the United States for being chosen as one of the first four target countries. Following the PM, the OAS presented the results of its year-long assessment of biofuel potential, inspiring constructive exchange between the event's participants to greater advance the issue. In the afternoon session, EconOff presented the USG's commitment to alternative energy development as well as the Secretary's May 1 announcement of the upcoming Washington International Renewable Energy Conference in March 2008. Following EconOff's remarks, Department's EEB representative, Dr. Brenda Haendler, and

Brazilian Foreign Service Officer, Emerson Kloss, covered the U.S.-Brazil Initiative, while the featured guest speaker from Florida International University, George Philippidis, focused on best practices in the hemisphere. Brazilian Ambassador to Barbados, Orlando Oliveira, remained for the full program and could be heard reiterating his support for the U.S.-Brazil-St. Kitts Initiative during side-bar conversations with PM Douglas and others. The Permanent Secretary from the Ministry of Sustainable Development, the

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lead government agency on biofuels, was accompanied by her technical assistant who appeared energized to carry the biofuels agenda forward in St. Kitts after returning from her Department-sponsored participation in the August 2007 Minnesota Biofuels Conference.

Gauging Commitment and Signing on the Dotted Line

¶4. (U) In the morning session with key stakeholders, the OAS immediately focused on the political crossroads that currently faces St. Kitts between biofuels development and tourism, which will both compete for access to significant land and resources. The afternoon speakers reiterated that biofuels development in St. Kitts will require considerable investment, not just in terms of resources, but most importantly, long term political will. Whereas PM Douglas did not exactly commit to the next stage of the biofuel development process, his Ministry representatives expressed enthusiasm for participation in the biofuels initiative. When one conference participant suggested a region-wide CARICOM biofuels policy, Ministry of Sustainable Development representatives responded that "St. Kitts cannot depend on CARICOM to care about the needs of St. Kitts, since it has a history of not doing so in the past, and needs to move forward now."

BRIDGETOWN 00001195 002 OF 003

¶5. (U) In an attempt to further gauge the GOSKN's commitment, the Department, Brazilian Government, and OAS held joint follow-up meetings from August 29-30 with key ministries and stakeholders, where they stressed the transformational benefits of biofuels development. In their meeting with the Minister of Sustainable Development, Nigel Carty, Carty admitted that he is under significant pressure to utilize the remaining sugar cane lands and that "people, particularly the remaining unemployed cane workers, want to return to the fields and are getting restless for a solution." In what appeared to be genuine interest in moving forward, Carty requested on-the-ground technical assistance to first develop an issue paper that would lay out the terms of reference for a request for proposals and at the same time requested assistance for soil and crop testing. The Department of Physical Planning and Environment, also under Carty's authority, admitted that the last soil study was conducted in 1966, and is currently sitting in a museum.

Remaining Obstacles

¶6. (SBU) Many obstacles yet to be overcome are bureaucratic in nature, such as the GOSKN's inability to account in a timely fashion for exactly how much land is available or is being sold. In addition, the lack of coordination across government agencies, which is shocking for a country the size of St. Kitts, and the micromanagement style of the Prime Minister, who is de facto head of just about every major decision-making body in the country, creates a very centralized structure where no one but the Prime Minister is empowered to make policy decisions. The greater obstacles, however, appear to be physical: a recent tour of St. Kitts' power plant and sugar mill revealed outdated machinery, the recent investment in diesel generators, and poor maintenance of the remaining cane fields, all of which pose significant

challenges to reviving cane production. Permanent Secretary Hillary Hazel from the Sustainable Development Ministry emphasized that a brand new mill will be needed for ethanol production. Hazel also stressed that additional technical assistance from the United States and Brazil will be needed for any E10 program, especially in efforts to work with petroleum companies currently providing energy resources to St. Kitts.

What's Next?

17. (SBU) From both the biofuels event and meetings with the USG, OAS, GOB and GOSKN, it appears that all key stakeholders agreed to quick forward movement on biofuels development in St. Kitts. To overcome remaining obstacles, the Department and OAS agreed to coordinate the collection and distribution of agricultural data from monthly rainfall and crop testing. The OAS will generate an issue paper with the GOB to present to Minister Carty, who agreed to present it promptly to his Cabinet for review and approval. Both the Department and GOB hope to have a draft request for proposals for the GOSKN completed before October, and a firm commitment from the GOSKN on specific land allotments.

Comment

18. (SBU) Substantial momentum was generated in St. Kitts during the August 28 biofuels conference and in private high-level meetings with GOSKN representatives afterward. Whether this enthusiasm will turn into tangible action, however, depends on how PM Douglas balances the serious competing interests between renewable energy production and tourism development. So far, PM Douglas has invested his political and economic capital into making St. Kitts a top tourist destination. The GOSKN has already sold off half of the former cane lands to tourism developers, spent millions on infrastructure development (especially for Cricket World Cup) and created job development programs for former cane workers to transition into the hotel and tourism sector. At the same time, not all former cane workers have found employment and close to 5,000 acres of cane fields are lying idle, growing weeds and threatening soil erosion and water aquification. Ambassador Ourisman will utilize her St. Kitts and Nevis' National Day visit on September 19 to reiterate to PM Douglas the USG's support for biofuels development in St.

BRIDGETOWN 00001195 003 OF 003

Kitts and to press the GOSKN to formally commit to a national biofuels plan.

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